

SOUTH IOWA AREA CRIME COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2004

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SOUTH IOWA AREA CRIME COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve McCoy	Executive Director	
Max Proctor	Chairman	Davis County
Willie Van Weelden	Vice Chairman	Mahaska County
Jerry Parker	Secretary/Treasurer	Wapello County
Dean Kaster	Member	Appanoose County
Edgar Blow	Member	Des Moines County
Richard Reed	Member	Jefferson County
Ernie Griener	Member	Keokuk County
Dan Dunagan	Member	Lee County
Jim Howell	Member	Louisa County
Cathy Reece	Member	Lucas County
Paul Koffman	Member	Monroe County
Bill Randolph	Member	Van Buren County
Larry Andrews	Member	Wayne County

SOUTH IOWA AREA CRIME COMMISSION



Independent Auditor's Report

To the Board of Directors of the
South Iowa Area Crime Commission
Fairfield, Iowa

I have audited the accompanying financial statements of the South Iowa Area Crime Commission as of and for the year ended June 30, 2004. These financial statements are the responsibility of the South Iowa Area Crime Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the South Iowa Area Crime Commission as of and for the year ended June 30, 2004 and the changes in cash basis financial position for the year then ended with the basis of accounting described in Note 1.

As discussed in Note 7, during the year ended June 30, 2004, South Iowa Area Crime Commission adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, I have also issued my report dated December 30, 2004 on my consideration of the South Iowa Area Crime Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in my audit of the aforementioned financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the aforementioned financial statements taken as a whole.

Management's Discussion and Analysis and budgetary comparison information of pages 8 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion thereon.

Sincerely,

Ann M Menke

Ann M. Menke
Certified Public Accountant
Professional Corporation
December 30, 2004

SOUTH IOWA AREA CRIME COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The South Iowa Area Crime Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of the South Iowa Area Crime Commission is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2004 FINANCIAL HIGHLIGHTS

- The Commission's operating receipts increased 2.3%, or approximately \$12,277, from fiscal 2003 to fiscal 2004.
- The Commission's operating disbursements increased 8%, or approximately \$32,690, from fiscal 2003 to fiscal 2004.
- The Commission's net assets decreased approximately \$28,816, or 8%, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The Commission has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting refers to when financial events are recorded, such as timing for recognizing revenues, expenses and the related assets and liabilities. Under the Commission's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Commission's cash basis accounting.

This discussion and analysis are intended to serve as an introduction the South Iowa Area Crime Commission's basic financial statements. The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Assets – Cash Basis presents information on the Commission's net assets, including balances restricted for specific purposes, if any, and balances unrestricted and available for operating activities.

The Statement of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis presents information on the Commission’s operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission’s financial position has improved or deteriorated as a result of the year’s activities.

The Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Assets – Cash Basis

The Statement of Net Assets – Cash Basis presents the assets and net assets of the Commission at the end of the fiscal year. The Statement of Net Assets – Cash Basis is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the Commission to the readers of the financial statements.

Over time, readers of the financial statements are able to determine the Commission’s financial position by analyzing the increases and decreases in net assets.

Assets and Net Assets		June 30,	
		2004	2003
Assets			
Cash and cash equivalents:			
Unrestricted			
General Operating		\$ 136,258	\$ 128,201
Juvenile Detention Project		192,955	229,828
Total assets		<u>\$ 329,213</u>	<u>\$ 358,029</u>
Net Assets			
Net assets			
Unrestricted			
General Operating		\$ 136,258	\$ 128,201
Juvenile Detention Project		192,955	229,828
Total net assets		<u>\$ 329,213</u>	<u>\$ 358,029</u>

The Commission’s net assets decreased approximately \$28,816, or 8%, from June 30, 2003 to June 30, 2004.

Statement of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis

Changes in total net assets as presented on the Statement of Net Assets – Cash Basis are based on the activity presented in the Statement of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis. The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating.

Operating receipts consist of county assessments, county transport fees, and other reimbursements. Operating disbursements are disbursements paid to operate the South Iowa Area Crime Commission. Non-operating receipts and disbursements are for interest on investments, capital purchases and membership rebates.

Changes in Cash Basis Net Assets

	Year ended June 30,	
	2004	2003
Operating receipts:		
County assessments	\$ 223,183	\$ 227,538
County transport fees	274,252	260,652
Other reimbursements	53,279	50,247
Total operating receipts	550,714	538,437
Operating disbursements:		
Salaries and benefits	301,362	282,411
Payroll taxes	20,835	18,531
Dues and subscriptions	1,995	3,790
Insurance	17,440	13,049
Office expense	5,652	6,245
Professional fees	33,793	34,505
Repairs and maintenance	32,659	26,928
Telephone	10,167	10,669
Travel and transport expenses	15,448	12,243
Utilities	3,867	2,157
Total disbursements	443,218	410,528
Excess of operating receipts Over operating disbursements	107,496	127,909
Non-operating receipts (disbursements):		
Interest income	2,342	4,579
Capital purchases	-51,173	-63,366
Membership rebate	-87,481	-91,287
Net non-operating disbursements	-136,312	-150,074
Change in cash basis net assets	-28,816	-22,165
Net assets-cash basis beginning of year	358,029	380,194
Cash basis net assets end of year	\$ 329,213	\$ 358,029

The Commission's operating receipts increased 2.3%, or approximately \$12,277, from fiscal 2003 to fiscal 2004. This increase was primarily the result of county transport fees increasing.

The Commission's operating disbursements increased 8%, or approximately \$32,690, from fiscal 2003 to fiscal 2004. This increase was primarily due to increases in salaries, benefits, and payroll taxes.

The Commission's net assets decreased approximately \$28,816, or 8%, from June 30, 2003 to June 30, 2004.

ECONOMIC FACTORS

A review of the fiscal year budget for the Crime Commission showed actual operating income down from expectations by \$5,050, but operating expenditures were also \$35,395 less than projected. Additional expenses beyond the normal operating budget included \$4,800 for FATS software, and \$38,668 for the third consecutive 20% rebate back to member counties.

A review of the budget history revealed that the Crime Commission general operating budget finished in the black for the tenth straight fiscal year.

The current financial-health of the organization remains solid. Major purchases over the past three years include a \$75,000 building, a \$35,000 firearms training system with over \$13,000 in updated software, a new copier, a dispatch simulator system, and a 20% rebate to member counties for the third straight year. Financial assets total \$136,258.

Current and upcoming projects for the Crime Commission include jail policies and procedures, fire evacuation training, and jail audits, all of which are the cornerstones of each county's lawsuit avoidance program. Three 20-hour jail schools were conducted in the fall of 2003: September in Burlington; October in Ottumwa; and November in Chariton; and another in February, 2004 in Oskaloosa. Other training sessions conducted this fiscal year included a fourth annual 40-hour jail school; a 3-day jail supervisors course; four 8-hour dispatcher in-service; medication management; and legal considerations of handling inmate grievances.

A review of the fiscal year Juvenile Project budget showed income exceeded expectations by approximately \$11,853, while normal operating expenditures were \$27,968 less than projected. Additional expenses beyond the normal operating budget included vehicle purchases/replacements of \$44,000, and a 20% rebate of \$48,813 for member county transport expenses.

A review of the budget history revealed that the Juvenile Project operating budget also finished in the black for the tenth straight year.

The current financial status of the Juvenile Project indicates a healthy organization budget-wise. Total financial assets are approximately \$192,955.

A review of the summary of transports, transport administrative cost history, vehicle fuel/maintenance cost summary, and vehicle repayment figures report showed a productive and successful year, both operationally and fiscally for the Juvenile Project. This past fiscal year showed a total of 1,656 transports-our busiest year ever. A look at the administrative costs shows that the goal of keeping this at or near \$50 was met (\$46.17) and we are doing everything possible to keep overhead costs down. Vehicle operating costs are still within an allowable range, although unstable and sporadic spikes in fuel costs have caused some vehicles to go above the \$.05 per mile allowance. The vehicle replacement fund is adequate.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve McCoy, Executive Director, South Iowa Area Crime Commission, 212 Glasgow Road, Fairfield, Iowa, 52556

BASIC FINANCIAL STATEMENTS

SOUTH IOWA AREA CRIME COMMISSION
STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2004

Assets	
Cash and cash equivalents:	
Unrestricted	
General Operating	\$ 136,258
Juvenile Detention Project	<u>192,955</u>
Total assets	<u><u>\$ 329,213</u></u>
Net assets	
Unrestricted	
General Operating	\$ 136,258
Juvenile Detention Project	<u>192,955</u>
Total net assets	<u><u>\$ 329,213</u></u>

See notes to financial statements.

SOUTH IOWA AREA CRIME COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2004

	General Operating	Alternative Juvenile Detention Project	Total
Operating receipts:			
County assessments	\$ 223,183	\$ -	\$ 223,183
County transport fees		274,252	274,252
Other reimbursements	35,678	17,601	53,279
Total operating receipts	<u>258,861</u>	<u>291,853</u>	<u>550,714</u>
Operating disbursements:			
Salaries and benefits	160,083	141,279	301,362
Payroll taxes	10,756	10,079	20,835
Dues and subscriptions	1,995	-	1,995
Insurance	3,630	13,810	17,440
Office expense	2,972	2,680	5,652
Professional fees	14,757	19,036	33,793
Repairs and maintenance	1,187	31,472	32,659
Telephone	1,373	8,794	10,167
Travel and transport expenses	7,602	7,846	15,448
Utilities	2,187	1,680	3,867
Total operating disbursements	<u>206,542</u>	<u>236,676</u>	<u>443,218</u>
Excess of operating receipts over operating disbursements	<u>52,319</u>	<u>55,177</u>	<u>107,496</u>
Non-operating receipts (disbursements):			
Interest income	1,179	1,163	2,342
Capital purchases	(6,773)	(44,400)	(51,173)
Membership rebate	(38,668)	(48,813)	(87,481)
Net non-operating disbursements	<u>(44,262)</u>	<u>(92,050)</u>	<u>(136,312)</u>
Change in cash basis net assets	8,057	(36,873)	(28,816)
Net assets - cash basis beginning of year	<u>128,201</u>	<u>229,828</u>	<u>358,029</u>
Net assets - cash basis end of year	<u><u>\$ 136,258</u></u>	<u><u>\$ 192,955</u></u>	<u><u>\$ 329,213</u></u>

See notes to financial statements.

**SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Iowa Area Crime Commission was formed under Chapter 28E of the Code of Iowa as a planning Commission for Southern Iowa counties to provide centralized administration and coordinate planning efforts for crime prevention programs, criminal justice programs, jail planning and procedures, and other related programs under the direction of the member counties.

The governing body of the Commission is composed of one representative from each of the thirteen member counties. The member counties are: Appanoose, Davis, Des Moines, Jefferson, Keokuk, Lee, Louisa, Lucas, Mahaska, Monroe, Van Buren, Wapello, and Wayne. The commissioners are appointed by the participating political subdivisions and each has one vote.

A. Reporting Entity

For financial reporting purposes, the South Iowa Area Crime Commission has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The South Iowa Area Crime Commission has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

Several members of the Commission's board of directors are also board members of the South Iowa Area Detention Service Agency, which is a jointly governed organization since it provides services to the member counties of the Commission but does not meet the criteria of a joint venture.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of receipts, disbursements, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

South Iowa Area Crime Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

D. Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets – Cash Basis.

Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

E. Budgets, Budgetary Accounting, and Project Funding

The Commission annually adopts a budget on the cash basis in December of the year preceding the budget year. The annual budget may be amended during the year upon approval of the Commission's executive committee.

Formal budgetary control is based upon two major classes of expenditures. These are general operating expenditures and Alternative Juvenile Detention Project expenditures.

The Commission's general operating budget is funded primarily by annual assessments of member counties. The Alternative Juvenile Detention Project budget is funded primarily by assessments to counties for actual juvenile transport costs and administrative costs.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

NOTE 2 – CASH AND INVESTMENTS

The Commission's deposits in banks at June 30, 2004 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had deposits in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$307,361 at June 30, 2004 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

NOTE 3 – PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Commission is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$14,860, \$13,794, and \$14,111, respectively, equal to the required contribution for each year.

NOTE 4 – COMPENSATED ABSENCES

Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Unused vacation hours are paid upon termination, retirement, or death. Employees accumulate sick leave up to a maximum of 90 days. If not used this sick leave is lost upon termination, retirement, or death. The Commission's approximate liability for earned vacation and sick leave payable to employees at June 30, 2004, is \$8,695 and \$51,586 respectively. This liability has been computed based on rates of pay as of June 30, 2004.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

NOTE 5 – RISK MANAGEMENT

The South Iowa Area Crime Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 – LOCAL GOVERNMENT RISK POOL

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2004 were \$11,658.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

NOTE 6 – LOCAL GOVERNMENT RISK POOL (CONTINUED)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual member basis.

The Pools' intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal and the member's proportionate share of capital deficiency.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The Commission assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – ACCOUNTING CHANGE

For the year ended June 30, 2004, the Commission implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balances of the Commission.

SUPPLEMENTAL INFORMATION

SOUTH IOWA AREA CRIME COMMISSION
COMPARISON OF RECEIPTS AND DISBURSEMENTS
ACTUAL TO BUDGET - GENERAL OPERATING
For the Year Ended June 30, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County assessments	\$ 223,183	\$ 215,137	\$ 8,046
Other reimbursements	35,678	38,674	(2,996)
Total operating receipts	<u>258,861</u>	<u>253,811</u>	<u>5,050</u>
Operating disbursements:			
Salaries and benefits	160,083	181,556	21,473
Payroll taxes	10,756	12,981	2,225
Dues and subscriptions	1,995	2,000	5
Insurance	3,630	5,500	1,870
Office expense	2,972	5,800	2,828
Professional fees	14,757	17,700	2,943
Repairs and maintenance	1,187	2,000	813
Telephone	1,373	2,500	1,127
Travel and transport expenses	7,602	9,400	1,798
Utilities	2,187	2,500	313
Total operating disbursements	<u>206,542</u>	<u>241,937</u>	<u>35,395</u>
Excess of operating receipts over operating disbursements	<u>52,319</u>	<u>11,874</u>	<u>40,445</u>
Non-operating receipts (disbursements):			
Interest income	1,179	3,500	(2,321)
Capital purchases	(6,773)	(3,500)	(3,273)
Membership rebate	<u>(38,668)</u>	<u>-</u>	<u>(38,668)</u>
Net non-operating disbursements	(44,262)	-	(44,262)
Excess/(deficiency) of receipts over disbursements	<u>\$ 8,057</u>	<u>\$ 11,874</u>	<u>\$ (3,817)</u>

See accompanying notes.

SOUTH IOWA AREA CRIME COMMISSION
COMPARISON OF RECEIPTS AND DISBURSEMENTS
ACTUAL TO BUDGET - ALTERNATIVE JUVENILE DETENTION PROJECT
For the Year Ended June 30, 2004

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County transport fees	\$ 274,252	\$ 270,000	\$ 4,252
Other reimbursements	17,601	10,000	7,601
Total operating receipts	<u>291,853</u>	<u>280,000</u>	<u>11,853</u>
Operating disbursements:			
Salaries and benefits	141,279	160,626	19,347
Payroll taxes	10,079	11,352	1,273
Insurance	13,810	10,700	(3,110)
Office expense	2,680	2,900	220
Professional fees	19,036	24,366	5,330
Repairs and maintenance	31,472	31,700	228
Telephone	8,794	9,850	1,056
Travel and transport expenses	7,846	10,650	2,804
Utilities	1,680	2,500	820
Total operating disbursements	<u>236,676</u>	<u>264,644</u>	<u>27,968</u>
Excess of operating receipts over operating disbursements	<u>55,177</u>	<u>15,356</u>	<u>39,821</u>
Non-operating receipts (disbursements):			
Interest income	1,163	3,450	(2,287)
Capital purchases	(44,400)	(2,400)	(42,000)
Membership rebate	(48,813)	-	(48,813)
Net non-operating disbursements	(92,050)	1,050	(93,100)
(Deficiency)/excess of receipts over disbursements	<u>\$ (36,873)</u>	<u>\$ 16,406</u>	<u>\$ (53,279)</u>

See accompanying notes.

SOUTH IOWA AREA CRIME COMMISSION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING**



Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Board of Directors of the
South Iowa Area Crime Commission
Fairfield, Iowa

I have audited the accompanying financial statements of the South Iowa Area Crime Commission as of and for the year ended June 30, 2004, and have issued my report thereon dated December 30, 2004. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the South Iowa Area Crime Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the South Iowa Area Crime Commission's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the South Iowa Area Crime Commission. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the South Iowa Area Crime Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the South Iowa Area Crime Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 2004-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 2003-I-A.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the South Iowa Area Crime Commission and other parties to whom the South Iowa Area Crime Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the South Iowa Area Crime Commission during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Sincerely,

Ann M Menke

Ann M. Menke
Certified Public Accountant
Professional Corporation
December 30, 2004

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2004**

Part I: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

2004-I-A:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted the same individual who prepares the bank deposits may also prepare billings, maintain cash receipts and accounts receivable records, prepare checks, and record disbursements in the accounting record.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should continue to review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is difficult. However, we will continue to have the manager and other staff, where appropriate, review receipts, invoices and bill payments, and payroll as much as possible.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

2004-II-A

Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

2004-II-B

Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2004-II-C

Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

2004-II-D

Business Transactions – No business transactions between the Commission and Commission officials or employees were noted.

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2004**

Part II: Other Findings Related to Statutory Reporting: (Continued)

2004-II-E

Bond Coverage – Surety bond coverage of Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

2004-II-F

Commission Meetings – No transactions were found that I believe should have been approved in the Commission minutes but were not.

2004-II-G

Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.

SOUTH IOWA AREA CRIME COMMISSION

Audit Staff

The audit was performed by:

Ann M. Menke, CPA
Carol Harter, CPA
Betty Thomas, CPA

News Release

For Release:

Ann M. Menke, CPA, PC, of West Point, Iowa, today released an audit report for the fiscal year ended June 30, 2004, on the South Iowa Area Crime Commission.

The Commission's had total receipts of \$553,056 during the year ended June 30, 2004, which included \$497,435 from local governments and \$2,342 in interest on investments.

Disbursements totaled \$581,873 for the year ended June 30, 2004, which included \$301,362 for salaries and benefits and \$51,173 for capital purchases.

A copy of the audit report is available for review in the office of Auditor of State and the South Iowa Area Crime Commission.